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AN ACT

RELATING TO TAXATION; AMENDING THE SOLAR MARKET DEVELOPMENT
TAX CREDIT TO PROVIDE FOR A CREDIT OF TEN PERCENT OF THE
PURCHASE AND INSTALLATION COSTS IN ADDITION TO THE FEDERAL
TAX CREDITS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-2-18.14 NMSA 1978 (being Laws
2006, Chapter 93, Section 1) is amended to read:

"7-2-18.14. SOLAR MARKET DEVELOPMENT TAX CREDIT--
RESIDENTIAL AND SMALL BUSINESS SOLAR THERMAL AND PHOTOVOLTAIC
MARKET DEVELOPMENT TAX CREDIT.--

A. Except as provided in Subsection C of this
section, a taxpayer who files an individual New Mexico income
tax return for a taxable year beginning on or after
January 1, 2006 and who purchases and installs after
January 1, 2006 but before December 31, 2016 a solar thermal
system or a photovoltaic system in a residence, business or
agricultural enterprise in New Mexico owned by that taxpayer
may apply for, and the department may allow, a solar market
development tax credit of up to ten percent of the purchase
and installation costs of the system.

B. The total solar market development tax credit
allowed for either a photovoltaic system or a solar thermal
system shall not exceed nine thousand dollars (\$9,000). The

1 department shall allow solar market development tax credits
2 only for solar thermal systems and photovoltaic systems
3 certified by the energy, minerals and natural resources
4 department.

5 C. Solar market development tax credits may not be
6 claimed or allowed for:

7 (1) a heating system for a swimming pool or
8 a hot tub; or

9 (2) a commercial or industrial photovoltaic
10 system other than an agricultural photovoltaic system on a
11 farm or ranch that is not connected to an electric utility
12 transmission or distribution system.

13 D. The department may allow a maximum annual
14 aggregate of:

15 (1) two million dollars (\$2,000,000) in
16 solar market development tax credits for solar thermal
17 systems; and

18 (2) three million dollars (\$3,000,000) in
19 solar market development tax credits for photovoltaic
20 systems.

21 E. A portion of the solar market development tax
22 credit that remains unused in a taxable year may be carried
23 forward for a maximum of ten consecutive taxable years
24 following the taxable year in which the credit originates
25 until fully expended.

1 F. Prior to July 1, 2006, the energy, minerals and
2 natural resources department shall adopt rules establishing
3 procedures to provide certification of solar thermal systems
4 and photovoltaic systems for purposes of obtaining a solar
5 market development tax credit. The rules shall address
6 technical specifications and requirements relating to safety,
7 code and standards compliance, solar collector orientation
8 and sun exposure, minimum system sizes, system applications
9 and lists of eligible components. The energy, minerals and
10 natural resources department may modify the specifications
11 and requirements as necessary to maintain a high level of
12 system quality and performance.

13 G. As used in this section:

14 (1) "photovoltaic system" means an energy
15 system that collects or absorbs sunlight for conversion into
16 electricity; and

17 (2) "solar thermal system" means an energy
18 system that collects or absorbs solar energy for conversion
19 into heat for the purposes of space heating, space cooling or
20 water heating."

21 Section 2. APPLICABILITY.--The provisions of this act
22 apply to taxable years beginning on or after January 1, 2009.==